

WHEAT PROVISIONS OF PUBLIC LAW 74

Summary of Amendments to Agricultural Adjustment Act

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Reserve

The Congress has passed and sent to the President for approval several changes to the Agricultural Adjustment Act relating to marketing quotas and commodity loans. The principal changes affecting the wheat program include provisions that (1) exempt from quotas farms planting 15 acres or less of wheat (present legislation exempting farms normally producing less than 200 bushels on the planted acreage continues in effect); (2) raise the marketing quota penalty from 15 cents a bushel to 50 percent of the basic loan rate offered cooperators; and (3) set the wheat loan rate at 85 percent of the wheat parity price as of the beginning of the marketing year.

The major provisions of the new legislation affecting wheat follows in more detail:

1. EXEMPTION. -- The marketing quota shall not apply on any farm having a planted wheat acreage of 15 acres or less.

2. LOAN. -- The Commodity Credit Corporation is directed to make available upon the 1941 crop loans as follows: (1) To cooperators at the rate of 85 percent of the wheat parity price as of the beginning of the marketing year; (2) to noncooperators at the rate of 60 percent of the rate offered cooperators and only on so much of the commodity as would be subject to penalty if marketed.

3. FARM MARKETING QUOTA. -- The marketing quota for a farm shall be (a) the actual production of the wheat acreage on the farm less the normal or actual production, whichever is smaller, of the acreage planted to wheat in excess of the farm acreage allotment, plus (b) the amount of old wheat carried over from previous crops for which no quota was in effect.

4. FARM MARKETING EXCESS. The quantity of wheat in excess of the farm marketing quota is called the "farm marketing excess" and shall be determined on the basis of the normal production of the excess acreage. However, if the producer can prove satisfactorily that the actual production of the excess acreage is less than the normal production, he shall be entitled to an adjustment.

5. MARKETING PENALTY. -- The farm marketing excess is subject to a penalty at the rate of 50 percent of the basic loan rate offered to cooperators. Until the penalty is paid or until the marketing excess is stored or delivered to the Secretary of Agriculture the entire crop of wheat produced on the farm shall be subject to a lien in favor of the Government for the amount of the penalty, and each bushel of wheat which is sold by the producer shall be subject to penalty. The buyer must pay the penalty, but he may deduct it from the price he pays the producer.

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6. PENALTY ALTERNATIVES. -- The producer may postpone or avoid the penalty by storing his marketing excess or delivering it to the Secretary in accordance with prescribed regulations. Any wheat delivered to the Secretary shall become the property of the Government and shall be disposed of by the Secretary for relief purposes in the United States or in foreign countries or in such other manner as he shall determine will divert it from the normal channels of trade and commerce. If the amount of wheat stored is found to be depleted, the producer shall pay the penalty for such depletion, except when it results from some cause beyond the control of the producer.

7. NONALLOTMENT FARM. -- No marketing penalty shall apply to any farm classified as a nonallotment farm if the acreage of wheat harvested on such a farm is not in excess of 15 acres or the wheat acreage allotment for the farm, whichever is larger. The penalty shall apply, however, to the normal production or the actual production, whichever is smaller, of the acreage harvested in excess of 15 acres or such acreage allotment, whichever is larger. In the latter case, allowance shall be made for the program's 3-acre-per-family provisions.

8. REDUCING STORED WHEAT. -- The amount of wheat that must be stored to avoid penalty may be reduced during a subsequent year's quota program if the producer during that year plants less than his acreage allotment or obtains less than the normal production on his allotted acreage. The amount of reduction in the first case shall be equal to the normal production of the number of acres that the planted acreage is less than the allotment, and in the second case shall be equal to the amount by which the actual production is less than the normal production of the allotted acreage.

